

Press Releases

For Media inquiries : pr@insure.com

Quotesmith.com Reports Second-Quarter 2002 Financial Results

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Quotesmith.com, Inc. (ticker: QUOT, exchange: NASDAQ) News Release - 7/24/2002

Quotesmith.com Reports Second-Quarter Financial Results

- Second Quarter Revenues Rise 49 Percent Over Same Period Last Year
- Second Quarter Net Loss is \$222,000 Compared to a Net Loss of \$2.6 Million in Same Period Last Year

DARIEN, Illinois (July 24, 2002) -- Quotesmith.com, Inc., (Nasdaq SmallCap: QUOT), the online insurance broker which provides instant quotes from more than 300 leading insurance companies, today announced financial results for the second quarter ended June 30, 2002.

"Quotesmith.com delivered an outstanding quarter of progress and momentum. We slashed our net loss, grew revenues and made solid progress with our new customer revenue and acquisition cost economics," said Robert Bland, Chairman and CEO. "We are very optimistic about the future of online insurance as an exciting, new and emerging sector."

Quotesmith.com chief financial officer, Phillip Perillo, commented, "We achieved excellent system leverage in our business model during the second quarter of 2002. Per transaction revenue (total revenues divided by policies sold) rose 25 percent to \$504 in the second quarter vs. \$404 last year, while our per-policy marketing costs decreased by 78 percent to \$105 compared to \$483 in the second quarter of 2001. We also achieved substantial traction in marketing by selling more than nine policies per thousand dollars of marketing spent compared to selling two policies for every thousand dollars spent in marketing during the second quarter of 2001."

Financial Results

Revenues for the second quarter ended June 30, 2002 were \$3.2 million, a 49 percent increase from revenues of \$2.1 million reported for the second quarter of 2001. Net loss for the second quarter decreased to \$222,000, or \$0.04 per share, compared with a net loss of \$2.6 million, or \$0.48 per share reported for the second quarter of 2001.

On a year-to-date basis, the Company reported revenues of \$5.77 million for the first six months of 2002 as compared to \$4.55 million for the same period in 2001. Net loss for the first six months of 2002 totaled \$922,000, or \$0.18 per share as compared to a net loss of \$5.05 million, or \$0.89 per share, for the first six months of 2001.

Quotesmith.com ended the quarter with \$16.4 million, or \$3.32 per share, in cash and short-term investments.

For the second quarter, Quotesmith.com reported 6,343 policies sold, representing an increase of 19 percent from the 5,314 policies sold in the second quarter of 2001. Policies sold for the first six months of 2002 amounted to 11,399, down two percent from the 11,633 paid policies reported in the like period of 2001.

Revised 2002 Business Outlook

Quotesmith.com is today revising the financial targets for 2002 that were announced on December 7, 2001 and reaffirmed on January 23, 2002. The Company previously anticipated 2002 revenues of \$10 to \$11 million, a net loss of less than \$1 million and year-end cash and investment balances of \$17 to \$18 million. The Company now anticipates 2002 revenues of \$10 to \$11 million, a net loss of \$1.5 to \$2 million and year-end cash and investment balances of \$14 to \$15 million. Depreciation and amortization charges for 2002 are expected to total \$1.5 million. The increase in projected net loss is due to higher levels of planned technology spending and other operations costs.

Quotesmith.com believes that its current capital structure, including cash and short-term investments of \$16.4 million, is adequate to reach profitability without the necessity of additional debt or equity financing. The Company does not confirm or update its financial projections except in compliance with Regulation FD nor does the Company provide confirmation or update of its financial targets except through public announcements.

About Quotesmith.com

Founded in 1984, Quotesmith.com owns and operates two comprehensive online consumer insurance information services, www.insure.com and www.quotesmith.com. Catering to self-directed insurance shoppers, Quotesmith.com provides a comprehensive array of comparative auto, life and health quotes, combined with news, information and decision-making tools that are not available from any other single source. Visitors to the Company's Web sites are able to obtain instant quotes from more than 300 leading insurers for twelve different product lines, achieve maximum savings and have the freedom to buy from any company shown. Quotesmith.com generates revenues from the receipt of commissions, fees, content licensing and advertising revenues paid by participating insurers. Quotesmith.com also provides personalized insurance brokerage and policy placement services for its customers. Shares of Quotesmith.com trade on the Nasdaq SmallCap Market under the symbol "QUOT."

Cautions about Forward-Looking Statements

This announcement may contain forward-looking statements that involve risks, assumptions and uncertainties pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. This announcement also contains forward-looking statements about events and circumstances that have not yet occurred and may not occur. These forward-looking statements are inherently difficult to predict. Expressions of future goals and similar expressions including, without limitation, "intend," "may," "plans," "will," "believe," "should," "could," "hope," "expects," "expected," "does not currently expect," "anticipates," "predicts," "potential" and "forecast," reflecting something other than historical fact, are intended to identify forward-looking statements, but are not the exclusive means of

identifying such statements. Investors should be aware that actual results may differ materially from the results predicted and reported results should not be considered an indication of future performance. Reported Web site activity and/or quotes are not necessarily indicative of any present or future revenue. The Company will not necessarily update the information in this press release if any forward-looking statement later turns out to be inaccurate. Potential risks and uncertainties include, among others, Quotesmith.com's ability to successfully launch and realize revenues from new products and services, potential business risks associated with generating revenues from the insure.com platform, anticipated losses, unpredictability of future revenues, potential fluctuations in quarterly operating results, seasonality, consumer trends, competition, risks of system interruption, the evolving nature of its business model, the increasingly competitive online commerce environment, dependence on continuing growth of online commerce and risks associated with capacity constraints and the management of growth. More information about potential factors that could affect the Company's financial results are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001, and the Company's Quarterly report on Form 10-Q for the quarter ended March 31, 2002, both of which are on file with the United States Securities and Exchange Commission. Quotesmith.com, insure.com, LTCompare and QuotesmithPro are service marks of Quotesmith.com, Inc. All other names are trademarks of their respective owners. Copyright 2002. All rights reserved. Quotesmith.com, Inc.

QUOTESMITH.COM, INC.
 STATEMENT OF OPERATIONS
 (In thousands, except per share data)

	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Revenues:				
Commissions and fees	\$3,150	\$2,131	\$5,648	\$4,522
Other	44	14	118	29
Total revenues	3,194	2,145	5,766	4,551
Expenses:				
Operations	667	2,565	1,254	5,416
	2,014	1,396	3,948	2,885
	811	1,089	1,664	2,001
Total expenses	3,492	5,050	6,866	10,302
Operating loss	(298)	(2,905)	(1,100)	(5,751)
Interest income	76	300	178	700
Net loss	\$(222)	\$(2,605)	\$(922)	\$(5,051)
Net loss per common share, basic and diluted	\$(0.04)	\$(0.48)	\$(0.18)	\$(0.89)
Weighted average common	4,934	5,459	5,021	5,689

shares and
equivalents

outstanding,
basic and

diluted

SELECTED BALANCE SHEET DATA

(In thousands)

	(Unaudited) June 30, <u>2002</u>	December 31, <u>2001</u>
Cash and investments	\$ 16,378	\$ 17,942
Commissions receivable	1,567	1,352
Other assets	230	220
Total current assets	18,175	19,514
Total assets	\$20,965	\$23,000
Total current liabilities	\$ 1,037	\$ 1,000
Total liabilities	1,097	1,085
Total stockholders' equity	19,868	21,915
	\$20,965	\$23,000
stockholders' equity		

SOURCE Quotesmith.com, Inc.

CONTACT: Phillip A. Perillo, CFO, (630)515-0170, ext. 295, phil@quotesmith.com

